

## **A letter of credit contract and a collection contract**

This final thesis is focused on two important payment instruments – the letter of credit and the collection. The aim of this thesis is to analyze the letter of credit and the collection. Its main target is to describe both payment instruments and to introduce their use in real life situations and to point out advantages and disadvantages of both instruments. Both domestic and international legal arrangements as well as expert literature and articles were used to write the thesis. As a main source was used Commercial Code and unification of trade customs by the International Chamber of Commerce.

The thesis is divided in 5 chapters which furthermore divide themselves into several more subchapters. Because of the fact that contract on the letter of credit and the contract on collection are fundamental for the creation of commercial law obligation the first chapter discusses the general characteristics of commercial obligations from the point of view of the Civil Code and from the point of view of the Commercial Code. Furthermore the letter of credit and the collection are one of the many of bank contracts and these are explained in detail in the second chapter. The bank itself is a party to such contracts and that is why a lot of attention is paid in the second chapter to the banks themselves and the conditions they have to meet in order to be obliged from such contracts.

The following two chapters deal with the respective contractual types in detail. The third chapter offers an overview on letter of credit, it describes its different types, the way how the contract on the letter of credit is concluded and it also describes the actual working of the letter of credit. The fourth chapter has very similar structure as the previous one. It explores the contract on the collection, the way how it is concluded, the functioning of the collection, the responsibilities of the contractual parties etc.

The legal arrangement provided by the Commercial Code is quite brief. That is the reason why also international legal arrangements are used when concluding the contract on the letter of credit and the contract on the collection. Unified rules of the International Chamber of Commerce stand out between such international legal arrangements. International unification can be considered as supplemental source of legal arrangements for the letter of credit and for the collection. The international rules on letter of credit and the collection are described at the ends of the third and fourth chapter.

In the current time there are under way works on the new civil code and it is now in the procedure of approval by the parliament. That is the reason why the last chapter is focused on the provisions on the letter of credit and the collection in the proposal of the new civil code

and it also compares the legal arrangements of the new provision with the current state contained in the Commercial Code.